

# Senate File 236 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON HUMAN  
RESOURCES

(SUCCESSOR TO SSB 1200)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to psychiatric medical institution for children  
2 services and providing an effective date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1680SV 83  
5 jp/rj/14

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1 1 Section 1. PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN  
1 2 == REIMBURSEMENT.  
1 3 1. For the purposes of this section, unless the context  
1 4 otherwise requires, "psychiatric institution" means a  
1 5 psychiatric medical institution for children licensed under  
1 6 chapter 135H and receiving medical assistance program  
1 7 reimbursement.  
1 8 2. The department of human services, in consultation with  
1 9 psychiatric institution providers, shall develop a cost-based  
1 10 rate setting methodology with levels of reimbursement based on  
1 11 acuity for psychiatric institution providers in accordance  
1 12 with this section.  
1 13 3. a. For the fiscal year beginning July 1, 2009, and  
1 14 ending June 30, 2010, the maximum reimbursement rate for  
1 15 psychiatric institution providers shall be 103 percent of the  
1 16 patient-day weighted statewide average cost of psychiatric  
1 17 institution providers located within the state, based on the  
1 18 cost reports for the preceding fiscal year. However, the  
1 19 average cost computation shall not include the psychiatric  
1 20 institution at the state mental health institute located at  
1 21 Independence, and upon receiving federal approval, the  
1 22 reimbursement rate for that psychiatric institution shall be  
1 23 as provided in the state plan amendment under subsection 5.  
1 24 b. Notwithstanding paragraph "a", on a case-by-case basis  
1 25 for psychiatric institution services provided to children with  
1 26 intensive needs who would otherwise require placement outside  
1 27 the state, the department may apply an exception to policy  
1 28 process to authorize provider reimbursement in excess of the  
1 29 maximum reimbursement rate under paragraph "a".  
1 30 4. a. By January 1, 2010, the department shall develop a  
1 31 methodology for cost-based reimbursement with an acuity  
1 32 adjustment based on the aggregate acuity level of each  
1 33 psychiatric institution's patient mix. Under the methodology,  
1 34 each psychiatric institution's aggregate acuity level shall be  
1 35 recalculated periodically. The department shall work with  
2 1 psychiatric institution provider representatives to develop  
2 2 the methodology.  
2 3 b. The department shall implement the cost-based  
2 4 reimbursement with acuity adjustment methodology beginning on  
2 5 July 1, 2011.  
2 6 5. The department shall submit a medical assistance state  
2 7 plan amendment to the centers for Medicare and Medicaid  
2 8 services of the United States department of health and human  
2 9 services requesting authorization to reimburse the psychiatric  
2 10 institution at the state mental health institute located at  
2 11 Independence at 100 percent of actual costs. Upon receiving  
2 12 approval of the plan amendment, for the fiscal year beginning  
2 13 July 1, 2009, an amount equivalent to the resulting savings  
2 14 shall be transferred from the appropriation for the state  
2 15 mental health institute at Independence to the medical

2 16 assistance appropriation to be used for the purposes described  
2 17 in this section.

2 18 6. The department shall track the number of admissions of  
2 19 Iowa children to out-of-state psychiatric medical institutions  
2 20 for children and the corresponding expenditures, and if  
2 21 necessary, shall adopt utilization control strategies to  
2 22 assure that utilization of such out-of-state admission is  
2 23 reduced.

2 24 7. The department, in consultation with providers, shall  
2 25 develop and implement outcome measures for all psychiatric  
2 26 institution providers beginning on July 1, 2010.

2 27 8. The department of human services shall adopt rules  
2 28 pursuant to chapter 17A to implement this section.

2 29 Sec. 2. Section 249A.31, Code 2009, is amended by adding  
2 30 the following new unnumbered paragraph:

2 31 NEW UNNUMBERED PARAGRAPH. Effective July 1, 2010, the  
2 32 department shall apply a cost-based reimbursement methodology  
2 33 for reimbursement of psychiatric medical institution for  
2 34 children providers.

2 35 Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
3 1 immediate importance, takes effect upon enactment.

3 2 EXPLANATION

3 3 This bill relates to psychiatric medical institution for  
3 4 children (PMIC) services by providing for development and  
3 5 implementation of a new reimbursement methodology that is  
3 6 acuity-based and by addressing other PMIC service provisions.

3 7 The department of human services (DHS) is directed to work  
3 8 with PMIC providers in developing the new reimbursement  
3 9 methodology with acuity adjustments to be implemented  
3 10 beginning on July 1, 2011. For fiscal year 2009=2010, the  
3 11 maximum reimbursement rate for PMIC providers other than the  
3 12 PMIC at the state mental health institute located at  
3 13 Independence, is limited to a specified percentage of certain  
3 14 average costs. DHS may utilize the exception to policy  
3 15 process on a case-by-case basis to authorize a higher rate for  
3 16 services provided to children with intensive needs who would  
3 17 otherwise be placed out-of-state. DHS is required to track  
3 18 out-of-state PMIC placements and apply utilization controls  
3 19 strategies to assure a reduction in out-of-state PMIC  
3 20 admissions.

3 21 The department is required to submit a state medical  
3 22 assistance plan amendment for authority to reimburse the PMIC  
3 23 located at the state mental health institute for 100 percent  
3 24 of actual costs. Any resulting savings to that institute's  
3 25 appropriation for fiscal year 2009=2010 is to be transferred  
3 26 to the medical assistance (Medicaid) program appropriation to  
3 27 be used for the purposes in the bill.

3 28 The department is also required to work with PMIC providers  
3 29 to develop and implement outcome measures for PMIC providers  
3 30 beginning on July 1, 2010.

3 31 The department is required to adopt rules to implement the  
3 32 bill.

3 33 Code section 249A.31, relating to cost-based reimbursement  
3 34 under the Medicaid program, is amended to require permanent  
3 35 cost-based reimbursement of PMICs effective July 1, 2010.

4 1 The bill takes effect upon enactment.

4 2 LSB 1680SV 83

4 3 jp/rj/14